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## Formula for distributing Tobacco settlement splits to stay the same remain unchanged



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The Courier-Journal

Tobacco settlement money again will be divided equally in one-third shares for 2003, the Kentucky Tobacco Settlement Trust Corp. said yesterday.

The board voted 11-0 to maintain the formula of splitting the money equally among the owner of the tobacco quota, the party that owns or controls the land used to produce the tobacco, and the party that employs the labor used in producing the burley.

Kentucky is to receive \$148 million from the National Tobacco Growers Settlement Trust this year, although adjustments built into the program could reduce that by 10 percent or more. The state board is required to review its compensation plan yearly.

Quota owners will receive payments based on U.S. Department of Agriculture records for the 2002 crop year. Payments for the land and labor components, referred to as the "growing farm" and "grower/tenant," respectively, are calculated from an average of production and marketing activity for a three-year period — 1998, 1999 and 2000. The payment unit, known as payment pounds, is determined by averaging the effective quota and actual marketings for the three crop years.

Since December 1999, the settlement fund has paid out more than \$459 million to 530,000 recipients in the state, said John-Mark Hack, the Kentucky board's president.

Administrative costs have amounted to less than 1 percent during the past four years, Hack said. In 2002, he said, Kentucky spent \$5.62 per payee to distribute a little more than \$130 million to 160,983 recipients. In comparison, he said, North Carolina spent \$53.55 per payee to distribute \$136 million to 66,481 recipients.

"We committed ourselves from the outset . . . to minimize our administrative costs to put more dollars in the farmers' pockets," said Gov. Paul Patton, who led what was probably the last meeting of the board under his administration.

The settlement trust was established by cigarette makers as a 12-year program to offset income losses incurred by tobacco growers as a result of the Master Settlement Agreement, the \$246 billion deal between major cigarette manufacturers and 46 state attorneys general.

The 2002 payments were the fourth year of the payment period.

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